Investment Climate Statement

Openness to Foreign Investment

Since becoming independent in 2006, the Government of Montenegro has adopted an investment framework to encourage growth, employment and exports. Montenegro is still in the process of establishing a liberal investment regime. Although the continuing transition has not yet eliminated all structural barriers, the Government recognizes the need to remove impediments, reform the business environment and open the economy to foreign investors.

There are no distinctions made between domestic and foreign companies. Foreign companies can own 100 percent of a domestic company, and profits and dividends can be repatriated without limitations or restrictions.

Foreign investors can participate in the privatization process and can own land in Montenegro. Expropriation of property can only occur for a "compelling public purpose" and compensation must be made at fair market value. There has been no known expropriation of foreign property. International arbitration is allowed in commercial disputes involving foreign investors.

Registration procedures have been simplified to such an extent that it takes just one euro and four days to process an application to register a business. Bankruptcy laws have been streamlined to make it easier to liquidate a company, accounting standards have been brought up to international norms, and custom regulations have been simplified. There are no mandated performance requirements.

Montenegro has attracted considerable interest from foreign investors, though foreign direct investment (FDI) drooped in 2011. According to preliminary data released by the Montenegrin Investment Promotion Agency (MIPA) FDI in 2011 reached 534 million euro, which is 23 percent lower than 2010. Foreign direct investments per capita are on the level of 860 euro and Montenegro is still the leader among the countries in the region.

Over 5,200 foreign-owned firms are registered and operating in Montenegro. Foreign investors come from 107 countries, with no single country dominating investment. To date the most significant investments have come from Italy, Norway, Austria, Russia, Hungary and Great Britain.

Geographically the largest amount of FDI (49 percent) has been concentrated in the central region of Montenegro, with 44 percent directed to the southern region and the remaining 7 percent to the north. Based on job-creating foreign investments (i.e. not including individual real estate transactions), the sectoral breakdown of FDI for 2011 is as follows: 21 percent of all investments were made in finance; 24 percent in tourism; 23 percent in manufacturing industry; 8 percent in construction; 10 percent in services; 4 percent in transportation; 2 percent in agriculture; and the remaining 8 percent in other sectors.

Montenegro was ranked 56th in the list of 183 countries in the “Doing Business 2012” report of the World Bank, which measures the ease of doing business. Compared with last year the country has improved by 10 spots. This more favourable ranking is primarily due to three key reforms: easier procedures to open a new business, tax relief and adoption of new bankruptcy laws. To open a new venture, an applicant needs to pass six procedures within ten days, which ranks Montenegro as 47th in this category. Montenegro lowest ranking is in the category of “obtaining building permits” where it is ranked 173rd. Among the Balkan countries in the overall rankings, only Slovenia (37th) and Macedonia (22nd) are ranked higher than Montenegro.

Montenegro scored 4.0 in Transparency International's “Corruption Perceptions Index 2011”, which is an improvement compared to the previous year (3.7). The report includes 180 countries, ranking them according to the perceived level of public corruption from 0 to 10, where those with the index 0 are considered the most corrupt. This year Montenegro is ranked 66th.

According to the global Index of Economic Freedom of the American Heritage Foundation, Montenegro ranks 76th out of 179 countries. According to this year's report, Montenegro's economy is in the moderately free zone. Montenegro's score was lower than the last year’s primarily because of the explosive growth of government spending. The greatest improvements from the previous year were made in the area of labor freedom and freedom from corruption.

NATO invited Montenegro to participate in its Membership Action Plan (MAP) on December 4, 2009. The European Council’s decision in favor of visa-free travel to Schengen-zone countries for citizens of Montenegro came into effect on December 19, 2009.

Montenegro's application for EU membership was originally submitted on December 15, 2008. Montenegro was formally given the status of an EU candidate country at the European Council summit in Brussels on December 17, 2010. On December 9, 2011 the European Council decided that Montenegro could start EU accession talks in June 2012 if it shows additional progress in implementing reforms, especially regarding the rule of law.

On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO).

Major Investment Opportunities

Investments in the energy sector

Greenfield in hydropower plants on the River Moraca **-** The Government of Montenegro intends to develop the country’s untapped hydropower potential through Public-Private Partnerships. As a priority, the Government wants to develop the potential of the Moraca River through a series of four hydroelectric-power plants for a total of 238 megawatts (MW) and an annual production of 693 gigawatt hours (GWh). Extensive geotechnical and hydrological studies have already been performed in order to prepare the technical documentation.

Maoce - The Government of Montenegro will award a concession for the exploitation of coal from the basin of Maoce and the construction of a thermal power plant. The terms of the concession contract are 45 years, with the possibility of an extension in accordance with the law; concession fees for the exploitation of coal will be calculated as a percentage of revenues from the sales of electricity. This coal basin is located in the northeast area of Montenegro, about 15 km from the town of Pljevlje. The thermal power plant called for in the concession would have an estimated capacity of 500 MW. Coal reserves in the basin of Maoce are estimated to be geological (123 million tons) and exploitable (110 million tons).

Investment in Oil and Gas - According to the Montenegrin Energy Development Strategy, it is estimated that there could be up to 7 billion barrels of oil deposits in Montenegro and 425 billion cubic meters of natural gas deposits present in the seaside area. Further research regarding these resources is necessary in order to confirm the capacity levels. The search for oil and gas, along with the production cycle, consists of several phases: exploration, appraisal, development, production and abandonment. Montenegro does not possess the necessary technology, nor does it have experience producing oil or gas. The next step for the Montenegrin government in 2012 is to publish a new call for proposals in order to find an investor who is both willing and able to take on the concession for exploring and producing oil and gas.

Investments in Tourism

Velika Plaza – Located primarily on government-owned land between the city of Ulcinj and Ada Bojana Island, Velika Plaza (a 13 km long sand beach with an unobstructed view of the Adriatic Sea) is located at the southern tip of Montenegro. It is 87 km from Tivat International Airport and 70 km from the capital Podgorica. Plans for the gradual development of the property include: (i) the development of high – end tourist accommodations; (ii) the construction of a small VIP airport; (iii) upgrading telecommunication, efficient energy and water supply; and (iv) coastal area protection (allowing up to 100 square meters of green surface per bed in order to provide luxury tourist accommodations). More information available on: www.velikaplaza.info

Ada Bojana Island – This Island is located at the southernmost tip of Montenegro. The nearest international airport is located in Podgorica (85km). Tivat International Airport is 108km away. The 494 hectare island is flanked on two sides by the Bojana River, connecting directly to Skadar Lake and the Adriatic Sea. Because of the site's unique natural environment and secluded private setting, the Government foresees the configuration and operation of an exclusive five star hotel/resort/village complex, reflecting contemporary Montenegrin architecture and including recreational facilities and services. The master plan for Ada Bojana envisions a capacity of up to 2,500 hotel beds within the current area designated for tourist development, and the Government anticipates that the hotel resort, once developed, will be listed in the international hospitality industry as a top nature resort.

Mamula Island **-** Mamula presents a popular one–day trip destination accessible by boat. The island has a circular shape (200m in diameter) and coastline which consists of a rocky surface with a small beach section. The fortress located on Mamula currently has no accommodation, food, beverage, or boutique services. The developmental concept includes a luxury hotel with exclusive leisure, food service and wellness facilities, and berths for small and medium size yachts. The Government of Montenegro prefers a Public-Private Partnership (PPP) for this project.

Jaz Beach – Located in the central part of the Montenegrin coast between the cities of Budva and Tivat. Plans for the gradual development consist of an urban development concept, including a village complex offering accommodations, pensions, a water sport center, wellness facilities, food and beverage services. The fields and hillside of Jaz must be surveyed in order to determine the exact available area. The Rolling Stones, Madonna, and Lenny Kravitz performed concerts on the beach of Jaz in 2007 and 2008.

Buljarica Beach - Located between the cities of Bar and Budva. The land is mostly private. The majority of owners are members of a local landowners association, which is interested in creating a joint venture with potential strategic partners participating as share holder partners. The developmental concept includes high-end residential accommodations, five star hotels, and a tourist village (all totaling up to 6,500 beds). A marina is also planned, as is a business center and an 18-hole golf course.

Bigovo **-** The Bigovo cove is situated between the cities of Budva and Tivat and adjacent to an historic fishing village. There is easy air access to the property via Tivat's international airport (20 kilometers from the site). The international airports at Podgorica (90 minutes) and Dubrovnik (90 minutes) provide additional access. The site is located on a peninsula and extends from the seacoast inland, almost fully across the peninsula to the Kotor bay side. The site encompasses 38,940 square meters of land, with leisure facilities currently on 2,873 square meters. Planning is in a nascent stage, but ideas for the gradual development of Bigovo include a luxury leisure asset utilizing the natural surroundings.

Kumbor **-** Kumbor, a tourist resort belonging to the Herceg Novi Riviera, is located at the shores of the Bay of Kotor, 6 km from Herceg Novi. There are a number of small beaches and restaurants on the waterfront. Early planning ideas for the gradual development include the construction of a world class, multifunctional upscale tourism resort, five star nautical and commercial amenities with leisure facilities.

Mediterranean **-** This tourism complex is located within the Durmitor national park in Zabljak, 1,456 meters above sea level. While it has direct access by paved road, the location evokes a feeling of isolation and connection with nature. It is adjacent to and walking distance from the famous Black Lake, and is completely surrounded by pine trees. Views from the site are of forest and mountains. The intention is to create a world-class resort that is intimate in feel, as well as conceptually, aesthetically, functionally, and ecologically in harmony with the natural physical location of the property.

Golf courses - Hurdzan Fry Environmental Golf Design and Golf Project Corporation were awarded the contract for the development of the strategy for golf development in Montenegro by the Ministry of Sustainable Development and Tourism. In 2011, the strategy was adopted by the Government of Montenegro, and the document hereby became an official strategy with guidelines for successful development of golf in Montenegro. The development of the Montenegrin Investment Golf Guide is currently in progress. It is a document which will provide information on the possibilities of investment in golf tourism, including possible locations for golf courses with clear instructions on procedures awaiting the investors. In addition the strategy demonstrates the readiness of the Government of Montenegro to support and encourage the developmental of a high quality resort. Possible locations for golf projects have been analyzed according to the set of established criteria, including: the local and tourist population, land suitability and water quantity, terrain accessibility, infrastructure, weather conditions, length of prospective season, geological conditions, and environment. A total of 68 proposed locations were analyzed, of which 25 locations were identified as suitable.

Investments in infrastructure

Bar – Boljare Motorway **–** The Ministry of Transportation announced that the Government of Montenegro will probably call for another tender for the construction of Bar-Boljare Motorway, at a date to be determined later. The Bar – Boljare motorway is the Montenegrin section of a longer highway. It will be close to 170 km long and by far the most expensive section, with an estimated cost of around 2.7 billion euro. The rugged mountainous terrain is an engineering challenge, with 50 tunnels and 95 bridges and viaducts planned along the section. With the support of the European Investment Bank, the Government of Montenegro applied for grant to conduct an audit of the existing studies for development of the highway in order to prepare for a new tender in 2012.

Railway - The process of restructuring the railway system in Montenegro is being carried out in accordance with the principles and objectives of the Restructuring Strategy of Montenegro Railways of 2007.

The rail system in Montenegro is divided into:
• Railway Infrastructure of Montenegro,
• Railway Transport of Montenegro – passenger transport,
• Monte cargo - freight transport,
• Maintenance of railway rolling stock

The privatization of the newly formed companies is expected to be carried out in 2012.

Luka Bar/Port of Bar **-** The Port of Bar spreads over 200 hectares. The total length of the operational coast is 3.5 kilometers, maximum depth of 14 meters, and 120 thousand square meters are secure warehouses. In the port, there are five specialized terminals: for passenger traffic, general cargo, containers, solid and liquid bulk. Maximum capacity is about five million tons. The Government owns 54 percent of total shares, while the remaining proportion is divided between privatization funds (16 percent), workers (11 percent), citizens (18 percent) and other legal entities. The port currently offers full time employment to almost 1,400 workers. In accordance with the Government of Montenegro's privatization plan, the sale of the state package of shares in the port shall be done on the basis of restructuring, most likely in the first half of 2012.

Bijela Shipyard **-** The shipyard, established in 1927, is the largest ship-repairing and reconstruction yard in the southern Adriatic. It is located in the Boka Kotorska Bay, one of the safest natural harbors in the world, and has a centuries-long shipbuilding and maritime tradition. The shipyard is completely equipped for repairing and reconstructing ships and other vessels, of all types and for all purposes, of up to 120,000 deadweight tons, regardless of the size of the damage and of the reconstruction operation. A tender for Bijela Shipyard will be announced in the near future.

AD Plantaze - Plantaze is the largest producer of wine and table grapes in the entire region, and the market leader in wine production in the Balkans. Production capacity includes a vineyard area of 2,200 hectares (the largest contiguous in Europe), two wine cellars with total capacity of almost 20 million bottles per year, 97 hectares of peach orchards, a fish-pond with annual production of 120 tons of California trout, 3,000 tons of cold storage capacity, retail facilities and catering-hospitality facilities.

U.S Companies in Montenegro

A number of U.S. companies are operating in Montenegro, and the Government of Montenegro has put an emphasis on attracting more American investment.

--Philip Morris International opened a branch office in Montenegro in May 2007. The main activity of the office is the import and distribution of Philip Morris products in the Montenegrin market.

--Coca-Cola HBC (Hellenic Bottling Company), one of the world's largest bottlers of Coca-Cola products, has been operating and distributing its products in Montenegro for more than a decade.

--Pepsi (DEC Corporation) has been operating and distributing Pepsi products in Montenegro for more than a decade.

--Data Card Group won a Government of Montenegro/Ministry of Interior Affairs tender for the procurement of a system for issuing passports and national identification documents. The value of the contract, signed in July 2007, is roughly nine million euro.

--Microsoft officially opened its office in Montenegro in May 2007 during a Podgorica conference aimed at presenting the company's latest technology and products. The latest strategic partnership agreement between the Government of Montenegro and Microsoft was signed on December 18, 2008. A new contract on continues cooperation was signed in December 2011.

--Oracle signed a strategic partnership agreement with the Government of Montenegro in 2008, and these two agreements will allow for the purchase and use of Microsoft and Oracle licenses and software by the government, state agencies, municipal authorities and state-owned companies.

--Begovic Management Group (BMG) purchased the Hotel Mediterranean property in July 2005 from the state-controlled hotel/travel company "Ulcinjska Rivijera" for 940,000 euro. BMG intends to redevelop the property into a first-class coastal destination resort, with mixed-use resort and entertainment components. The total investment value is 6 million euro.

--Media Development Loan Fund (MDLF) bought 25 percent of the shares of Daily Press, publisher of the daily newspaper "Vijesti" and founder of the TV “Vijesti”.

--Go Daddy successfully won its bid to become the agent for domain registration for the national internet domain of Montenegro (the new ".ME" internet domain.) Go Daddy will operate under the existing contract until 2013, with a possible extension of this term.

-- McCann Ericson Podgorica, the biggest international full service agency in Montenegro, started to work in May 2005. McCann Ericson Podgorica offers following services: public relations, media monitoring, advertising, media planning and buying, and education.

-- Nike has three exclusive shops in Montenegro offering a full assortment of Nike gear.

-- Diners Club International opened an office in Montenegro 2001 and the card is widely accepted on the Montenegrin market.

-- Bomanite, architectural concrete paving and flooring, has distribution office in Montenegro.

-- CB Richard Ellis office in Montenegro was opened in June 2008. The office provides variety of services including valuation and development advisory, brokerage, research and consulting.

-- FedEx in Montenegro provides access to a growing global marketplace through a network of supply chain, transportation, business and related information services since 2007.

--Morgan Invest purchased 38 percent of the shares of the Titex textile factory in Podgorica for 2.45 million euro. The American company bought the shares of the bankrupt factory from the Slovenian company Novus, which had paid 538,000 euro for them in 2004.

-- KPMG (2006), Deloitte (2007), Ernest & Young (2010) and Price Waterhouse Cooper (2011) have opened branch offices in Montenegro and provide professional and technical accounting services to domestic and foreign companies which operate in Montenegro.

-- Colliers International opened an office in Podgorica at the beginning of 2008 as an integral part of Colliers International Southeast Europe.

-- Kirby vacuum cleaners and Rainbow cleaning systems have distributors for the Montenegrin market.

-- Ford and Chrysler have exclusive distributors for the Montenegrin market.

-- Wrigley chewing gum and candy opened an office in Montenegro in 2009.

American Chamber of Commerce

In order to further develop commercial ties between the U.S. and Montenegro, the first American Chamber of Commerce in Montenegro was launched on November 19, 2008. AmCham Montenegro serves as a leading advocate for American as well as other foreign businesses in Montenegro.

Edin Seferovic, Acting Executive Director
American Chamber of Commerce in Montenegro
Kralja Nikole 27a/4
81000 Podgorica, Montenegro
Tel/Fax: +382 20 621 628
Website: http://www.amcham.me/

U.S. – Montenegro Business Council

The U.S.-Montenegro Business Council was formally opened in Podgorica on December 16, 2008. The Council's mission is to promote trade and investment between the U.S. and Montenegro. Additionally, through its sister office in the U.S., the Council seeks to encourage more American investors to learn about opportunities in Montenegro, as well as to help Montenegrin companies explore business opportunities in the U.S. Also, as a part of the strategic partnership between Montenegro and State of Maryland, the Council's office in Podgorica will also serve as a Maryland state trade office.

The Council announced that it will begin to offer a special program to Montenegrin companies from January 2010 which will enable them to establish braches in the State of Maryland free of charge, with the Council covering the set-up costs.

Svetlana Vukcevic, Executive Director
US - Montenegro Business Council
Jovana Tomasevica 2
81000 Podgorica, Montenegro
Tel/fax: +382 20 245 564
Website: http://www.usmnebc.org/

Montenegrin Investment Promotion Agency

In order to better promote investment and foster economic development, the Government of Montenegro established the Montenegrin Investment Promotion Agency (MIPA) in mid-2005. It seeks to advertise Montenegro as a competitive investment destination by actively facilitating investment projects in the country.

Inquiries on investment opportunities in Montenegro can be directed to:

Petar Ivanovic, Director
Montenegrin Investment Promotion Agency (MIPA)
Jovana Tomasevica 2
81000 Podgorica, Montenegro
Tel/fax: (+382 20) 203 140, 203 141, 202 910
Website: http://www.mipa.co.me/.
E-mail: info@mipa.co.me

Montenegro's Foreign Investment Law

Montenegro has enacted specific legislation outlining guarantees and safeguards for foreign investors. Montenegro's Foreign Investment Law establishes the framework for investment in Montenegro. The law eliminates previous investment restrictions, extends national treatment to foreign investors, allows for the transfer/repatriation of profits and dividends, provides guarantees against expropriation, and allows for custom duty waivers for equipment imported as capital-in-kind.

Montenegro also has adopted more than 20 other business-related laws, all in accordance with EU standards. The main laws that regulate foreign investment in Montenegro are: the Foreign Investment Law; the Enterprise Law; the Insolvency Law; the Law on Fiduciary Transfer of Property Rights; the Accounting Law; the Law on Capital and Current Transactions; the Foreign Trade Law; the Customs Law; the Law on Free Zones; the Labor Law; the Securities Law; the Concession Law, and the set of laws regulating tax policy. Montenegro has made significant steps in both amending investment-related legislation in accordance with world standards and creating the necessary institutions for attracting investments. However, as is the case with other transition countries, implementation and enforcement of existing legislation remains weak and inconsistent.

Conversion and Transfer Policies

The Foreign Investment Law guarantees the right to transfer and repatriate profits in Montenegro. Montenegro uses the Euro as its domestic currency. There are no difficulties in the free transfer of funds exercised on the basis of profit, repayment of resources, or residual assets.

Expropriation and Compensation

Montenegro provides legal safeguards against expropriation. Protections are codified in several laws adopted by the government. There have been no cases of expropriation of foreign investments in Montenegro. However, Montenegro has outstanding claims related to property nationalized under the Socialist Federal Republic of Yugoslavia.

On March 23, 2004, Montenegro passed a Restitution Law. The necessary sub-acts entered into effect on January 1, 2005, and the Restitution Fund came into existence on March 1, 2005. The basic restitution policy in Montenegro is restitution in kind when possible, and cash compensation or substitution of other state land when physical return is not possible.

At the end of August 2007, Parliament passed a new Law on Restitution which supersedes the 2004 Act. In line with the new law, three review commissions have been formed: one in Bar (covering the coastal region); one in Podgorica (for the central region of Montenegro); and one in Bijelo Polje (for the northern region of Montenegro.)

Montenegro provides safeguards from expropriation actions through its Foreign Investment Law. The law states that the government cannot expropriate property of a foreign investor unless there is a "compelling public purpose" established by law or on the basis of the law. If an expropriation is executed, compensation must be provided at fair market value plus one basis point above the LIBOR rate for the period between the expropriation and the date of payment of compensation.

Dispute Settlement

Post is not aware of any investment disputes involving American companies or other foreign investors in Montenegro.

Legal System:

Montenegro's Law on Courts defines a judicial system consisting of three levels of courts: Basic, Superior, and the Supreme Court. For special jurisdiction of commercial matters, in 2005, Montenegro established the Appellate Court and the Administrative Court.

The Basic Courts exercise original jurisdiction over civil and criminal cases. There are 15 courts for Montenegro's 21 municipalities. Two Superior Courts in Podgorica and Bijelo Polje have appellate review of municipal court decisions. The Superior Courts also decide on jurisdictional conflicts between the municipal courts.

The two commercial courts (which also handle economic crimes) were established in Podgorica and Bijelo Polje. They have jurisdiction in the following matters: shipping, navigation, aircraft (except passenger transport), intellectual property rights, bankruptcy, and unfair trade practices. The Superior Courts hear appeals of Basic Court decisions, and

Superior Court decisions may be appealed to the Supreme Court. The Supreme Court is the court of final judgment for all civil, criminal and administrative cases.

The commercial court system faces challenges, such as the introduction of new legislation and changes to existing laws; developing a new system of operations, including electronic communication with clients; and a lack of capacity and expertise among the judges. Some reform proposals have included creating a High Commercial Court or dedicating a chamber of the Supreme Court to commercial cases. Some judges also have suggested designating a particular court with assigned competency for specific areas in order to streamline caseloads and develop specialized expertise for complicated economic crimes.

Dispute resolution is under the authority of national courts, but it can also fall under the authority of international courts if the contract so designates, meaning that Montenegro allows for the possibility of international arbitration. Various foreign companies have other bilateral and multilateral organizations -- such as MIGA (World Bank), OPIC (U.S.), ECGD (UK), SID (Slovenia), SACE (Italy), COFACE (France), and OEKB (Austria) -- providing risk insurance against war, expropriation, nationalization, confiscation, inconvertibility of profit and dividends, and inability to transfer currency.

Over the last two years the legislative environment has been significantly changed with clarification provided through the adoption of 20 new business laws. The goal was to remove barriers for doing business in Montenegro and to attract foreign investors.

The new Law on the Improvement of the Business Environment adopted in July of 2010 is the first law of its type in Montenegro aimed at equalizing the status of foreign and domestic investors. The new law addresses changes in various laws including: Business Organization; Foreign Investments; Cinematography; Assessment of Impact in the Environment; Construction; and Administrative Taxes.

The purpose of these changes is to provide the same working conditions to foreign companies operating in Montenegro and to companies with domestic capital. For example, with the Law on the Environment the deadlines for issuing different permits were reduced in order to speed up procedures and also to help businesses meet their obligations more quickly. Another example is the Law on Cinematography in which a cinematography tax was reduced since it represented a business barrier. This was a particularly significant change as some businesses are also obliged to pay a certain percentage of their annual income to help develop cinematography in Montenegro. The amount of money was considerable and the abolishment of this tax represents a huge relief for Montenegrin businesses.

The Bankruptcy Law, adopted in January 2011, mandates that debtors are designated as insolvent if they cannot meet financial obligations within 45 days from the date of maturity of any debt obligations. At the end of April 2004, Parliament adopted the Foreign Trade Law. The law decreases barriers for doing business and executing foreign trade transactions and is in accordance with WTO standards. However, the law still provides scope for restrictive measures and discretionary government interference.

The new Labor Law was adopted in November 2011. It defines a single collective agreement for both public and private sectors, maintains the existing level of severance payments (i.e. the average of the past six months' salaries), and retains the current 365 days of allowed maternity leave. Besides the Labor Law, the question of labor-based relations is also defined in the General Collective Agreement, Branch-level Collective Agreements, and with individual labor agreements between employer and employee.

A new Concession Law was adopted in February 2009 and creates favorable conditions for obtaining and utilizing concession licenses. The law also regulates the conditions and procedures for obtaining a concession to exploit natural resources, use property in the public domain, and/or conduct activities of general interest. The Concession Law is fundamental to support the public-private partnership process through which a number of future projects will be realized in Montenegro.

In January 2012 Montenegro began to implement the new Law on Excise Taxes. The law was adopted in order to bring Montenegro into compliance with European excise standards. . The new law increases duties on cigarettes and alcoholic beverages. Beginning in April 2012 higher duties will also be placed on coffee and sodas.

Performance Requirements and Incentives

The government does not impose any performance requirements as a condition for establishing, maintaining, or expanding an investment. Limited incentives are offered to foreign investors; for example, the government offers duty exemptions for imported equipment.

Right to Private Ownership and Establishment

In Montenegro, a foreign investor, foreign company, or foreign individual may acquire property. The Foreign Investment Law specifically permits foreign investors to purchase real estate through a contract. This right is explicitly reinforced by the Law on Property and Law on Relations. The Act states that foreign persons and companies can, based on reciprocity, acquire rights to real estate, such as company facilities, places of business, apartments, living spaces, and land for construction. Additionally, foreign persons can claim property rights to real estate by inheritance in the same manner as a domestic citizen.

Protection of Property Rights

Mortgages/Secured Transactions

In July 2002, Montenegro enacted the Law on Secured Transactions and established a collateral registry at the Commercial Court in May 2003. The registry's operational guidelines have been drafted and approved by the Commercial Court. The main goal of the Law on Secured Transactions is to establish a clear and transparent framework. In August 2004, Montenegro adopted a new Law on Mortgages by which immovable property may be encumbered by a security interest (mortgage) to secure a claim for the benefit of a creditor who is authorized, in the manner prescribed by the law, to demand satisfaction of his claim by foreclosing the mortgaged property with priority over creditors who do not have a mortgage created on that particular property, as well as over any subsequently registered mortgage, regardless of a change in the owner of the encumbered immovable property.

Intellectual Property Rights

The acquisition and disposition of intellectual property rights are protected by the Law on the Enforcement of Intellectual Property Rights, which entered into force on January 1, 2006. The law provides for fines for legal entities of up to 30,000 euro for selling pirated and/or counterfeited goods. It also provides ex officio authority for market inspectors in the areas mentioned above. In April 2005, the Montenegrin Parliament adopted the Regulation on (TRIPs) Border Measures that provides powers to the custom authorities to suspend the customs procedure and seize pirated and counterfeit goods.

Montenegro's Penal Code acknowledges infringement of all intellectual property rights, allows ex officio prosecution, and provides for stricter criminal penalties. The Law on Optical Disks was adopted in December 2006; it requires the registration of business activity when reproducing optical disks for commercial purposes and provides for surveillance of optical disk imports and exports, and imports and exports of polycarbonates. The Montenegrin Intellectual Property Office is an authority within the state administration system of Montenegro which is competent for the activities related to the industrial property rights and receipt and filing authors and related rights. The Intellectual Property Office is established under the Regulation on organization and manner of work of the state administration, dated May 11, 2007 (''Official Gazette of the Republic of Montenegro'', No. 25/07) and officially started working on May 28, 2008.

A regulation on the recognition of intellectual property rights was adopted in September 2007. Under this regulation, any rights registered with the Union Intellectual Property Office or with the Serbian Intellectual Property Office and any pending applications filed with these Offices before May 28, 2008 are enforceable in Montenegro. Any IPR application submitted after that date in Serbia will have to be re-submitted in Montenegro within six months, in order to retain its acquired priority.

IPR market inspectors, police officers, customs officers, and employees of the Ministry of Economy attended a number of training seminars on intellectual property protection and counterfeiting, including an IPR enforcement workshop hosted by the American Chamber of Commerce. At the end of 2007, the Customs Administration signed a Letter of Intent for Acceptance of SECURE Standards (standards to be employed by customs for uniform rights enforcement), adopted by the World Customs Organization (WCO) with a view to more efficient protection of intellectual property rights by customs authorities.

In order to further improve situation with the intellectual property protection AmCham Montenegro established an IPR Committee in April 2009. The main goal of the Committee is to work closely with the Montenegrin institutions which are dealing with PR, to increase public awareness of the importance of intellectual property protection, and to help the GoM strengthen its administrative capacities in this field.

Montenegro is not on the Special 301 Watch List. However, the sale of pirated optical media (DVDs, CDs, software) as well as counterfeit trademarked goods, particularly sneakers and clothing, is widespread. Enforcement is slowly improving as customs, police, and judicial authorities obtain the necessary tools, but institutional capacity and public awareness is still limited.

International Agreements

The former State Union of Serbia and Montenegro ratified many conventions and agreements. It should be noted that in its Declaration of Independence Montenegro stated: "The Republic of Montenegro will apply and assume international agreements and treaties which were concluded by the State Union and which are in accordance with the Montenegrin judicial system."

The following conventions and agreements in the field of intellectual property have been signed and continued with implementation after independence:

- Convention Establishing the World Intellectual Property Organization (1967) [member since October 1, 1973];
- Paris Convention for the Protection of Industrial Property (1883) [member since February 26, 1921];
- Berne Convention for the Protection of Literary and Artistic Works (1886) [member since June 17, 1930];
- Madrid Agreement Concerning the International Registration of Trademarks (1891) [member since February 26, 1921];
- Protocol relating to the Madrid Agreement Concerning the International Registration of Trademarks [member since February 19, 1997];
- Patent Cooperation Treaty (1970) [member since February 1, 1997];
- Hague Agreement Concerning the International Deposit of Industrial Designs (1925) [member since December 30, 1993];
- Universal Copyright Convention (1952) [member since 1966];
- Nice Agreement Concerning the International Classification of Goods and Services for the Purposes of the Registration of Trademarks (1957) [member since August 30, 1966];
- Locarno Agreement Establishing an International Classification for Industrial Designs (1968) [member since October 16, 1973];
- Convention Relating to the Distribution of Program-Carrying Signals Transmitted by Satellite (1974) [member since August 25, 1979];
- Budapest Treaty on the International Recognition of the Deposit of Microorganisms for the Purposes of Patent Procedure (1977) [member since February 25, 1994];
- Trademark Law Treaty (1994) [member since September 15, 1998];
- Lisbon Agreement for the Protection of Appellations of Origin and their International Registration (1958) [member since June 1, 1999];

- Madrid Agreement for the Repression of False or Deceptive Indications of Source on Goods (1891) [member since May 18, 2000];
- Nairobi Treaty on the Protection of the Olympic Symbol (1981) [member since March 18, 2000];
- Treaty on Intellectual Property with Respect to Integrated Circuits (1989) (signed, not ratified];
- International Convention for the Protection of Performers, Producers of Phonograms and Broadcasting Organizations [member since December 20, 2002];
- Convention for the Protection of Producers of Phonograms Against Unauthorized Duplication of their Phonograms [member since December 20, 2002];
- WIPO Copyright Treaty [member since December 20, 2002];
- WIPO Performances and Phonograms Treaty [member since December 20, 2002]

WTO Membership

On December 17, 2011 Montenegro became the 156th member of World Trade Organization (WTO). Accession to the WTO is expected to make a positive and lasting contribution to the process of economic reform and sustainable development in Montenegro. A large part of Montenegro's trade is already with the EU, but the further mutual opening of markets and abolishment of restrictions to market access for goods and services will benefit entrepreneurs on both sides and stimulate investment.

Transparency of Regulatory System

The Montenegrin Law on Foreign Investment is based on the national treatment principle, and all proposed laws and regulations are published in draft form and open for public comments, generally for a 30-day period.

Foreign investors can establish a company and invest in it in the same manner and under the same conditions which apply to domestic persons. The same regulations are applied to both domestic and foreign investors, and there are no other regulations which might deprive a foreign investor of any rights or limit such rights. The Law of Foreign Investments is now fully harmonized with World Trade Organization rules.

On January 22, 2004, the Parliament of Montenegro established an Energy Regulatory Agency, which has authority over the electricity, gas, oil, and heating energy sectors. Its main tasks are the approval of pricing, development of a model for determining allowable business costs for energy sector entities, issuance of operating licenses for energy companies and for construction in the energy sector, and the monitoring of public tenders. The energy law prescribes that those energy sectors where prices are affected by the monopoly positions of some participants, business costs will be set at levels approved by the Agency. In those areas deemed to function competitively, the market will determine prices.

The Agency for Telecommunications was founded by the Montenegrin government in 2001. It is an independent regulatory body whose primary purpose is to design and implement a regulatory framework and encourage private investment in the sector.

Montenegro launched reforms of the tax system and overall financial system in 2001 in order to: encourage domestic production and investments; make Montenegro more attractive to foreign investors; make locally produced goods more competitive in foreign markets; harmonize the tax system with EU Directives and international standards; make the tax system simpler, more efficient, and easier to implement; and generate income for the state budget.

Key segments of the tax reform package include a value added tax (applied since April 1, 2003) which replaced the previous retail tax and use of a self-assessment principle under which tax liability was calculated by the taxpayer, while the related procedure was controlled by a tax authority. In addition, the tax administration has also been transformed, and some competencies related to the collection of local revenues have been delegated to the local government.

The tax system in Montenegro is comprised of the following tax laws:

- Corporate Profit Tax [effective from January 1, 2002]
- Personal Income Tax [effective from January 1, 2007]
- Property Tax [effective from January 1, 2003]
- Excise Tax [effective from April 1, 2002]
- Value Added Tax (VAT) [effective from April 1, 2003]

The Corporate Tax Law proscribed a proportional tax rate of nine percent. The corporate income taxpayer is defined as a resident or non-resident legal person performing an activity for profit. A limited partnership is also subject to corporate income tax.

The new Law of Personal Income Tax entered into force on January 1, 2007. This law proscribes a flat tax rate of 15 percent on personal income; on January 1, 2009 this rate was reduced to 12 percent, and was further reduced in 2010 to nine percent. A personal income taxpayer is defined as a resident or non-resident natural person who earned income from sources determined under the law. When two or more natural persons jointly earn income, a taxpayer is any of these persons in proportion with the sharing of such income.

The Value Added Tax rate is 17 percent, slightly below the average for EU member states. Amendments to the law have reduced the tax rate from 17 percent to seven percent on accommodation services in tourism, on medicines which are not on a list designated by the Health Fund, and on communal services, transport services, and authorial services (such as copyrights and services in the area of education, literature, and art). The reduction of the VAT for tourist services has helped foster the growth of that sector. A zero VAT rate is applied on export transactions and on delivery of medicines and medical devices which are funded by the Health Insurance Fund.

The law also provides for several types of exemptions: for services of public interest (public postal services, health services, social security services, pre-school education services, sport, religious and other public services); import of goods (products brought into Montenegro with transit customs procedure, services relating to import of goods etc.); temporary import of goods (products imported on a temporary basis provided that they are exempt from customs duty according to customs regulations), and special exemptions (import of goods to be inspected by the customs authority; products that enter free customs zone or free customs warehouse; and products under customs storage procedure or under import procedure for export on the basis of delay).

The tax period for the VAT is defined as a calendar month, and taxpayers are obliged to file monthly VAT returns. These returns are filed by the 15th of each month following the month for which a tax liability is paid. The VAT on imports is paid concurrently with the customs duty payment.

Efficient Capital Markets and Portfolio Investment

The banking sector in Montenegro is completely privatized. There are eleven banks operating in the country, and all of them are in private ownership; three are locally owned while the others are part of international banks.

At the end of third quarter of 2011, the total assets of eleven Montenegrin banks amounted to 2.9 billion euro, and total deposits amounted to 1.8 billion euro. The published data from the Montenegro Banks Association illustrates that only three out of 11 banks in Montenegro showed operating profits, while the other eight incurred 34 million euro in total losses. One of the main risks to financial stability is a growing illiquidity of the economy created by non-performing assets. According to Central Bank data, non – performing assets at the end of the year are down to 19 percent of the total assets base which is a reduction from 25 percent in August 2011.

A new set of laws has been adopted and some of the existing laws have been amended to improve regulation of the banking sector, provide a higher level of depositor safety and increase trust in the banking sector itself.

The Law on the Protection of Deposits has been adopted in order to bring local legislation on protecting deposits up to European standards. In accordance with the law, a fund for protecting deposits has been established. Deposits are guaranteed up to the value of 20,000 euro. In 2012 the amount will increase to 30,000 euro and in 2013 the amount guaranteed by the fund will increase to 50,000 euro. With this, guaranteed deposits for individuals (?) in Montenegro will be at the same level as other countries in the European Union.

The Euro has been officially in use in Montenegro since March 31, 2002. Montenegro is one of a few countries that do not belong to the Euro zone but use Euro as its official currency, without any formal agreements. Use of the Euro defines the role of the Central Bank; since its authority is limited, it has focused on control of the banking system, and maintenance of the payment system. It acts as the state fiscal agent and monitors monetary policy.

Capital Markets

The capital market in Montenegro achieved the highest growth in the process of mass voucher privatization. After completing this process in 2002, the capital market developed rapidly and become the most developed in the region. In 2007 it achieved a turnover of 4.8 billion euro or 213 percent of GDP. In 2009 there was a significant turnaround and further increased value of the stock exchange, increasing the number of transactions and turnover. The most important reason for the market's revival was the sale of shares in the Montenegrin Electricity Enterprise.

A downward trend in volume and in market value, as has already been evident for the last few years, continued during the first nine months of 2011. The fall in the volume of trade in the capital market during the first nine months of 2011 was primarily a result of reduced levels of bond trading (84 percent) and a decrease in investment. This, in turn, reduced growth levels in stock by 69 percent compared with the same period last year.

During the first nine months of 2011, the total volume of trade carried out on the Montenegrin stock exchange amounted to 41 million euro, which was three percent less than the volume of trade that was seen on the previous two stock exchanges during the first nine months of the previous year. During first nine months of 2011, a total number of 10,552 transactions were completed, which was 32 percent less than during the same period last year. Three types of security were traded: company shares, privatization-investment fund shares and bonds which included government bonds. During the first nine months of 2011, the greatest turnover was recorded in the area of company shares (89 percent), followed by investment funds (six percent). The total turnover of bonds amounted to five percent.

Stock Exchange Indices

The new stock exchange uses two indices: MONEXS20 and MONEXSPIF. These indices were developed from the former Montenegrin stock market indices.

MONEX20 - The value of the Montenegro Security Exchange, MONEX20, upon which MSE’s 20 most liquid companies are traded, showed a downward trend from the beginning of 2011. The highest value that was reached by MONEX20 during the first nine months of 2011 was recorded on January 24th at a level of 15,724 points, and the lowest value was recorded on September 5th at a level of 10,224 points. Variations in the value of the index have influenced all of the changes that are demonstrated by the shares that are represented in this index, particularly those belonging to the Electric Power Company, to the Aluminum Plant and to Telekom Montenegro.

MONEXPIF - The value of this index showed significant fluctuations including considerable growth and also considerable dips during the first nine months of 2011. It reached its highest level on February 15th with a total of 6,673 points. It reached its lowest point on September 12th with a recorded value of 4,624 points. The index value was influenced in such a way that a similar trend was evident in all of the six privatization investment funds.

Competition from State-Owned Enterprises (SOEs)

Private enterprises in Montenegro are able to compete with public enterprises under the same terms and conditions with respect to access to markets, credit and other business operations.

The Government of Montenegro is the main institution responsible for the privatization process. In order to manage, control and supply the privatization process implementation as well as to propose and coordinate all activities necessary for the capital projects application in Montenegro Privatization and Capital Projects Council has been formed. Prime Minister of Montenegro, Igor Luksic is the president of the Privatisation and Capital Projects Council.

The responsibility of this council is defined by the Law on Economic Privatization. The Privatization Council announces each year the plan for privatization which defines which companies will be privatized and the methods for their privatization.

The privatization process in Montenegro is in its final phase. The majority of companies that have not yet been privatized are of strategic importance to the Montenegrin economy in such fields as energy, transport, and tourism. Further privatization of state-owned companies should contribute to achieving better economic performance, increase the competitiveness of the country and enable the Government of Montenegro to generate higher revenues which will enhance capital investments and reduce debts.

From the beginning of the privatization process in 1999 through the end of September 2011, nearly 90 percent of the capital in Montenegrin companies had been privatized. The most important state-owned companies include the Port of Bar, Montenegro Railways, Montenegro Airlines, Airports of Montenegro, and the Plantaze Vineyard. All of these companies are registered as joint-stock companies, with the Government of Montenegro appointing one or more representatives to each Board based on the ownership structure.

More information about Council and Privatization plan for 2012 is will available on the Council's website upon it adoption: www.savjetzaprivatizaciju.me/en

Corporate Social Responsibility

An awareness of corporate social responsibility exists among Montenegrin enterprises and entrepreneurs. CSR programs are strongest in large, privately-owned Montenegrin and foreign firms, but small firms do engage in some CSR activities. A survey conducted by UNDP showed that large private companies are, indeed, more engaged in CSR activities, whereas small companies cited the lack of knowledge about CSR and the lack of support and interest from clients as the main reasons for not participating.

Political Violence

Montenegro has been led by democratically-elected governments since 1991. The current government strongly supports Montenegro's integration into the European Union and NATO, as well as implementing the reforms necessary to achieve these goals.

There is no sustained anti-American sentiment among the general public despite some residual resentment stemming from the 1999 NATO bombing. Montenegro and the United States share most policy goals and cooperate productively in many areas. There is broad support for a strengthening of ties with the United States, especially in the economic and commercial sphere.

Corruption

As is the case with many countries in transition and in the region, corruption is a significant issue in Montenegro. Corruption routinely places high on the list of citizens' concerns in opinion polls.

Montenegro scored 4.0 in Transparency International's Corruption Perceptions Index 2011, which is a slight improvement compared to last year's index which was at 3.7, and placed it 66th out of 180 countries in the report. Compared to other regional countries, Montenegro and Croatia share the same position, while Serbia, Bosnia and Herzegovina and Kosovo are behind. The government's goal of integrating with European and Euro-Atlantic institutions has spurred efforts to counter corruption.

In 2005, the government adopted an official Program for the Fight against Corruption and Organized Crime, and then created an Action Plan to implement the Program the following year. In 2007, the GoM established a National Commission to monitor the implementation of the Action Plan. Deputy Prime Minister for political system, foreign and interior policy and Minister of Justice Dusko Markovic currently heads the Commission.

A legal framework to help combat corruption and organized crime has been in force since the August 2006 adoption of the Law on Witness Protection. Montenegro is also preparing a criminal intelligence system, and has been a full member of the International Criminal Police Organization-Interpol since September 2006.

In the past two years, progress on combating corruption has been achieved through the passage of important legislation on public procurement, the treasury and budget system, and the courts. Nevertheless, there have been few high-profile corruption prosecutions. Implementation of these laws is considered a top priority for the government. In December 2011 the European Council decided that Montenegro could start EU accession talks in June 2012 based on Montenegro showing continued progress in implementing reforms, especially in the area of rule of law.

Bilateral Investment Agreements

In December 2006, Montenegro signed the Central European Free Trade Agreement (CEFTA) intended to eliminate all custom restrictions for industrial and agricultural products in member states by 2010. The Parliament ratified CEFTA on March 21, 2007, and it took effect in Montenegro (and simultaneously in Albania, Macedonia, Moldova, and Kosovo) on July 26, 2007. Bulgaria, the Czech Republic, Hungary, Poland, Romania, Slovakia, and Slovenia were already parties to the Agreement. Montenegro was the rotating CEFTA Presidency during 2009.

On November 14, 2011 Montenegro signed a Free Trade Agreement with members of the European Free Trade Association (EFTA).

The United States does not have a Bilateral Investment Treaty (BIT) with Montenegro. It is possible that, given the presence of U.S. investors, Montenegro could be a BIT candidate in the future.

The U.S. restored Normal Trade Relations (Most-Favored Nation status) to Montenegro in December 2003. This provides improved access to the U.S. market for goods exported from Montenegro. The U.S. Government is reviewing Montenegro's request to be designated a beneficiary developing country under the U.S. Generalized System of Preferences (GSP) program, which would provide duty-free access to the U.S. market in various eligible categories.

Other free trade agreements:

- Free Trade Agreement with Russia. A free trade agreement with Russia, concluded in August 2000, provided for the gradual elimination of barriers to Montenegrin exports to Russia by 2005. The agreement stipulates that the importing country regulate the rules of origin, in accordance with WTO principles. The list of products not covered by the duty free agreement is updated annually, and it currently includes poultry, sugar, chocolate, alcoholic beverages, soap, cotton, carpets, wooden furniture, household appliances, and motor vehicles.

- Preferential Trade Agreement with the European Union. The EU has taken steps to stimulate the export of goods among countries in the region through the establishment of autonomous trade preferences (ATP), which provide duty-free entry for over 95 percent of goods. Exemptions include wine, meat, and steel. Products originating from Montenegro are generally admitted into the European Union without quantitative restrictions and are exempted from custom duties and charges. The products exempted from the free import regime are agricultural products, "baby beef" products, and textile products.

- Free Trade Agreement with Turkey. Montenegro and Turkey signed an asymemetric Free Trade Agreement in November 2008. While the list of industrial products covered is identical to that signed with the EU, the list of agricultural products is rather limited. The Montenegrin Parliament ratified the Agreement in July 2009, and ratification of the Parliament of Turkey is expected.

- EFTA countries (Switzerland, Norway, Iceland, and Liechtenstein). A Free Trade Agreement with the EFTA countries was signed on November 14, 2011. With a combined population of around 13 million, the EFTA states are the world's 11th largest merchandise trader, as well as significant actors in the areas of trade in services and foreign direct investment.

OPIC and Other Investment Insurance Programs

Montenegro, through the State Union of Serbia and Montenegro, became eligible for OPIC programs in July 2001. OPIC activities in Montenegro include: insurance for investors against political risk, expropriation of assets, damages due to political violence and currency convertibility; and insurance coverage for certain contracting, exporting, licensing and leasing transactions. OPIC also established the Southeast Europe Equity Investment Fund that is managed by Soros Management; the fund is capitalized at $150 million. For more information, please see: http://www.opic.gov

Montenegro became the member of the World Bank Group in January 2007 by signing the Articles of Agreement of the International Bank for Reconstruction and Development (IBRD). Montenegro is a member of the IBRD and has also joined the International Development Association (IDA), the International Finance Corporation (IFC), and the Multilateral Investment Guarantee Agency (MIGA).

Labor

Montenegro's total labor force is comprised of approximately 251,300 people. According to data provided by the Employment Agency of Montenegro, the unemployment level at the end of third quarter was 11.5 percent. The average monthly salary, without taxes and contributions, was 483 euro ($630) in November 2011. This represents a rise of 0.8 percent in comparison with the average salary recorded in 2010. Average salaries, without taxes and contributions, ranged from 220 euro per month in the fishery sector to 846 euro per month in the financial mediation sector.

Over the past few years, employment in private companies has increased, and total employment in the social sector (including state-owned companies) has decreased. Major sectors generating employment in Montenegro are tourism, ports and shipping, and manufacturing.

Bringing Montenegro's labor market legislative framework into accordance with EU standards is one of the primary economic tasks of the GoM. The Labor Law defines a single collective agreement for both public and private sectors, maintains the existing level of severance payments, and retains the current 365 days maternity leave.

The Law on Peaceful Resolution of Labor Disputes was adopted in December 2007. It introduces out-of-court settlement of labor disputes for the first time in Montenegro. However, the agency required for implementation of the law still needs to be established.

The new Law on the Employment of Nonresidents took effect on January 1, 2009 and mandates the government to set a quota for nonresident workers in the country. Taxes for nonresident workers have been significantly decreased in order to help domestic companies that are having problems engaging domestic staff, particularly for short time and seasonal work. The level of tax, which pays to register the employee for health insurance, is now at a more appropriate level of 10 euro instead of the previous 80 euro which represented a significant burden to creation of new jobs. Substantial amendments to existing legislation and timely adoption of the necessary by-laws are needed to align legislation on workplace health and safety more closely with the EU. The administrative capacity of the Ministry of Labor and its inspection department are not yet strong enough, and the establishment of the workplace safety agency needs to be prioritized.

During the last quarter of 2010, changes were also made to the Law on Pensions and Invalid Care, primarily in the area of increasing the age of retirement to 67 years (both for men and women). This will happen gradually over a period of time until 2042. These changes are being made in order to eliminate problems that have occurred in the pension fund. The ratio between pensioners and active employees is very low and the whole system is endangered.

Foreign-Trade Zones/Free Ports

In June 2004, Montenegro passed a Free Trade Zone Law, which offers businesses benefits and exemptions from custom duties, taxes and other duties. The Port of Bar is currently the only free trade zone in Montenegro. All Free Zone users have at their disposal the use of infrastructure, port handling services, and all telecommunication services.

All regulations are in compliance with EU legal standards. Complete equality has been guaranteed to foreign investors in reference to ownership rights, organizing economic activities in the zone, complete free transfer of profit and deposit, and the security of investments.

Contact:

AD Luka Bar (Port of Bar Holding)
Obala 13. Jula bb
85000 Bar, Montenegro
Phone/Fax: +382 30 312 666
E - mail: lukabar@t-com.me
Web site: www.lukabar.me

Foreign Direct Investment Statistics

Foreign Direct Investments worth more than 1 million USD made in the last five years

Austria

Investing Company: Springer & Sons
Country: Austria
Investment: Acquisition of Hotel Panorama for USD 9.3 million

Investing Company: Hypo Group
Country: Austria
Investment: Greenfield investment in Hypo Alpe Adria Montenegro of USD 15 million

Investing Company: Platzer Leasing & Monte Mlin Sajo
Country: Austria & Montenegro
Investment: Acquisition of Hotel "Vila Oliva" for USD 3.5 million

Investing Company: UNIQA International Beteiligungs
Country: Austria
Investment: Greenfield investment in UNIQA Montenegro of USD 3.2 million

Belgium

Investing Company: Royal
Country: Belgium
Investment: Greenfield investment in Royal Montenegro of USD 147 million

Canada

Investing Company: PM Securities
Country: Canada
Investment: Acquisition of Arsenal for USD 4 million

Croatia

Investing Company: Agrokor
Country: Croatia
Investment: Portfolio investment in Stampa of USD 2.2 million

Egypt

Investing Company: Orascom Development
Country: Egypt
Investment: Greenfield investment on Lustica peninsula of USD 14.7 million

Investing Company: Egyptian investment fund
Country: Egypt
Investment: Greenfield investment of USD 73.5 million

England

Investing Company: Beppler & Jacobson
Country: England
Investment: Acquisition of Hotel Bianca and Bjelasica Ski center for USD 11.3 million

Investing Company: Beppler & Jacobson
Country: England
Investment: Acquisition of Hotel Avala for USD 15.2 million

France

Investing Company: Societe Generale
Country: France
Investment: Acquisition of 64.45 percent of Podgoricka Bank for USD 16.8 million

Investing Company: Alstom
Country: France
Investment: Expansion of Niksicka Tehno Baza of USD 7.35 million

Germany

Investing Company: Strabag AG
Country: Germany
Investment: Acquisition of Public Enterprise Crnagora put for USD 10.5 million

Greece

Investing Company: Hellenic Petroleum
Country: Greece
Investment: Acquisition of the 54.4 percent of Jugopetrol Kotor petroleum refinery for USD 120 million

Hungary

Investing Company: Matav (with Deutsche Telecom)
Country: Hungary
Investment: Acquisition of 51 percent of Telecom Montenegro for USD 142 million

Investing Company: OTP Bank
Country: Hungary
Investment: Acquisition of CKB bank for USD 134 million

Investing Company: Hungest Hotels
Country: Hungary
Investment: Acquisition of Hotel "Centar" and “Topla” for USD 1.8 million

Italy

Investing Company: Bolici Invest
Country: Italy
Investment: Greenfield investment in Hotel Bolici of USD 58.8 million

Investing Company: A2A
Country: Italy
Investment: Acquisition of the Electric Power Company of Montenegro (EPCG) of USD 282.3 million

Investing company: Terna
Country: Italy
Investment: Greenfield investment in submarine cable of USD 975 million

Japan

Investing Company: Daido
Country: Japan
Investment: Acquisition of ball bearing factory for USD 11.2 million

Luxembourg

Investing Company: CVC Capital Partners
Country: Luxembourg
Investment: Acquisition of Niksic Brewery for USD 25.2 million

Norway

Investing Company: Telenor
Country: Norway
Investment: Acquisition of Promonte mobile operator for USD 145 million

Russia

Investing Company: Rusal
Country: Russia
Investment: Acquisition of "KAP" aluminum plant for USD 58.2 million

Investing Company: Salomon Ent
Country: Russia
Investment: Acquisition of Bauxite Mine (Rudnici boksita AD Podgorica) for USD 12.5 million

Investing Company: Barkli SK
Country: Russia
Investment: Acquisition of Hotel "Otrant" for USD 2.5 million

Investing Company: Capital Estate
Country: Russia
Investment: Acquisition of Hotel "Grand Lido" for USD 10.8 million

Investing Company: Lukoil
Country: Russia
Investment: Portfolio investment in Roksped of USD 39 million

Slovenia

Investing Company: HIT Nova Gorica
Country: Slovenia
Investment: Acquisition of the Hotel Maestral for USD 48 million

Investing Company: LB Leasing Ljubljana
Country: Slovenia
Investment: Greenfield investment in LB Leasing Podgorica of USD 10.1 million

Investing Company: Petrol Bonus
Country: Slovenia
Investment: Acquisition of Montenegrobonus for USD 154.5 million (for six years)

Investing Company: Intereuropa
Country: Slovenia
Investment: Portfolio investment in Zetatrans for USD 12.3 million

Investing Company: HLT fund & Primorje Tivat
Country: Slovenia & Montenegro
Investment: Acquisition of Hotel "Centar Igalo" for USD 3.1 million

Investing Company: Mercator Group
Country: Slovenia
Investment: Portfolio investment in Mercator Mex of USD 8.8 million

Spain

Investing Company: Fersa
Country: Spain
Investment: Greenfield investment in the first windmill of USD 82 million

Singapore

Investing Company: Aman Resorts
Country: Singapore
Investment: Lease of HTP Budvanska Rivijera ("Sveti Stefan", "Milocer", "Kraljicina plaza") for USD 1.95 million per year for 30 years, following a first year payment of USD 2.1 million.

Switzerland

Investing Company: BT International
Country: Switzerland
Investment: Acquisition of "4. Novembar" Mojkovac for USD 6.3 million

Slovakia

Investing Company: Gradex HPB
Country: Slovakia
Investment: Acquisition of Rudnik coal mine for USD 12.7 million

Serbia

Investing Company: Telecom Serbia and Ogalar B.V.
Country: Serbia and Holland
Investment: Greenfield investment of USD 16 million

Investing Company: Delta
Country: Serbia
Investment: Greenfield investment in Delta City shopping mall of USD 86.9 million

Turkey

Investing Company: Gintas Group
Country: Turkey
Investment: Greenfield investment in Mall of Montenegro of USD 58.8 million

USA

Investing Company: Morgan Invest
Country: USA
Investment: Portfolio Investment of Titex for USD 2.45 million

Investing Company: Becovic Management Group
Country: USA
Investment: Acquisition of Hotel "Mediteran" for USD 1 million